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C O N F I D E N T I A L SECTION 01 OF 02 KOLONIA 000150

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SUBJECT: CONFIDENCE EBBS IN THE MORI ADMINISTRATION - LEADERSHIP
GROWS ERRATIC

CLASSIFIED BY: Miriam K. Hughes, Ambassador, Amembassy Kolonia,
State.

REASON: 1.4 (b), (d)

¶1. (C) The administration of Federated States of Micronesia (FSM) President Emanuel Mori is increasingly perceived within the FSM as secretive and ensnared within the narrow interests of cohorts from the President's home state of Chuuk. Mori, who is reserved by nature, rarely addresses the FSM Congress, which elected him, or the Micronesian people. He appears to rely upon a close circle of advisers, who are all trusted colleagues from Chuuk, including Chief of Staff Kasio Mida, Attorney General Maketo Robert, and SBOC Director Fabian Nimea.

¶2. (SBU) Nimea is a young and relatively inexperienced appointee who heads an unwieldy cabinet entity created by Mori, which agglomerates Statistics, Budget, Overseas Assistance and Compact Management in one sprawling, rudderless office. Under consideration by the FSM Congress is a bill to disaggregate SBOC, which would return budgetary responsibility to the Department of Finance and attach economic planning to the Department of Resources and Development. The U.S. Department of the Interior attributes poor administration of the U.S.-FSM Amended Compact in part to the dysfunction of SBOC.

¶3. (C) The unraveling of a higher minded national agenda and commitment to reform, which Mori proposed with eloquence at his inauguration in July 2007, appears to have begun last February when Mori appointed Maketo Robert (Chuuk) as Attorney General (AG). Robert had already been suspended from practice before the FSM national bar owing to misconduct as a lawyer in a Chuuk land dispute case, in which Robert allegedly attempted to represent both sides. The appointment of Robert, who has a reputation for consorting with Chuukese criminals, prompted erstwhile supporters of Mori to predict that the President's ability to lead and to deal with a powerful FSM Congress would slide down hill.

¶4. (C) Knowledgeable observers have alternatively perceived Mori as capitulating to powerful Chuukese demands and/or as deviously repaying political debts that enabled him to unexpectedly attain the Presidency. "The Congress now has the President over a barrel," Chuuk financial reformer Gillian Doone (protect) commented shortly after the Congress confirmed the nomination of AG Robert. In fact, the President's judgment and ability to lead appear to show impairment. Mori's hearing handicap (the President is partially deaf) may contribute to an impression of disorientation. Vice President Alik Alik (Kosrae State) has maintained a discreet distance, almost to the point of invisibility. Within the Cabinet, schisms are apparent between the Chuukese, who are close to the President, and the Pohnpeians, such as Resources and Development Secretary Peter Christian, who travels frequently to China and appears to operate and make deals with virtual autonomy.

¶5. (C) Within the Department of Justice that AG Robert heads, three of a total staff of six attorneys have resigned, quietly

citing a pattern of corrupt practices. Former Assistant Attorney General and Chief Litigator Kembo Mida, who is the son of the President's Chief of Staff and a graduate of the University of Michigan law school, claims that Robert consistently shelves all cases pertaining to alleged criminal activities in Chuuk, and he will keep them on hold indefinitely. Mida believes President Mori is complicit. Another attorney, who is a highly regarded American, also recently resigned before the expiration of her contract. She described a series of questionable practices, including a closed meeting in which Mori angrily dismissed all legal arguments against the establishment of a qualified insurance registry in the FSM. "I don't care about the legal loopholes," Mori supposedly said, signing documents that the American had urged him to avoid.

¶6. (C) Other decisions by Mori reflect similarly erratic judgment, naivety and/or bad advice from his advisors, including Presidential priorities to:

-- Establish submarine fiber optic cable (SFOC) linkages to all four FSM states. Mori endorsed the diversion of \$55 million USD from U.S. Compact infrastructure funds to extend a SFOC telecommunications network from a future Pohnpei project, which has not yet begun, to the three less developed FSM states, all of which lack substantial Internet subscribers and computers. Mori supported the SFOC notion as the FSM's sole initiative and resolution at the annual Compact Joint Economic Management Committee (JEMCO) meeting in Washington in August. When U.S. JEMCO members objected on grounds that Compact infrastructure grants are intended to build schools, roads and health facilities, the Micronesians withdrew their resolution. However, the Micronesians indicated they may turn to another

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undisclosed country to obtain a low interest loan.

-- Decentralize Micronesian passport processing, including releasing stocks of blank FSM passport books to the four FSM states and diplomatic missions in Guam, Hawaii and Washington. In response to strong objections from the U.S., the FSM Congress and state legislators, Mori agreed to put this legislative proposal on hold pending further analysis. However, he went so far as to endorse a \$800,000 USD proposal from the 3-M Company. Under pressure, he reluctantly acknowledged that the fraud vulnerabilities inherent in localized production of passports could ignite U.S. border security concerns that would jeopardize the Micronesians' visa-free travel privileges under the Compact.

-- Shut down Caroline Islands Air (CIA), which provides the only air transport service to the outer islands of Pohnpei and Chuuk. Mori stated he did not like the high fuel consumption of CIA's small Australian model planes, and he would prefer to buy new airplanes from China. The FSM Congress unanimously overrode the President's veto of a CIA fuel subsidy in order to try to restore CIA operations and ensure transportation for officials and the people of the outer islands. In the meantime, the Mori administration has introduced an alternative bill to create a new Micronesian airline company.

-- Hire a foreign company to manage FSM airspace in order to raise additional revenue. In response to Mori's inquiry about this idea, the Federal Aviation Administration (FAA) has prepared a letter that reminds the President of FAA responsibility to provide airspace management services under terms of the Compact that are vital for air transport safety.

-- Reform the anarchic and bankrupt state of Chuuk. Mori repeatedly stated that he would bank his own political career on his intention to restore fiscal accountability to his home state. In a loosely confederated FSM constitutional system, however, the FSM National Government (FSMNG) has little authority over the states. Chuuk's Governor has resisted imposition of controls by Mori, eluding major reform and exposing the shortcomings of the President's agenda.

17. (C) As Mori's frustrations have increased, he has appeared less in public and he makes few public addresses. Rather, his Chief of Staff tends to issue politically slanted media releases that have diminishing credibility. State representatives and national senators quietly complain about lack of responsiveness and communication from the Presidency. When Mori threatened to shut down Micronesia's only Internet chat room, which the non-government organization Micronesian Seminar runs, the head of the Seminar Father Fran Hezel, took the President to lunch and quietly explained that such a measure would be unconstitutional.

18. (C) Comment. In a consensus-driven Micronesian culture, the strongest accusations against President Mori are uttered with caution behind closed doors. Nevertheless, a quiet but growing chorus of critics alleges that he is governing like a so-called shady and opportunistic Chuukese politician. In Yap, Mori insisted upon hosting a large reception for an official meeting and then refused to pay the bill. Conservative Yapese politicians repeatedly complain about this incident as well as about blocked Compact infrastructure projects. A new infrastructure Project Management Unit (PMU), which Mori attached to his office, has failed to advance projects to the states' satisfaction. The FSM Congress will consider a measure to transfer the PMU back to the Department of Transportation, Communication and Infrastructure, which along with the overhaul of SBOC, would constitute another swipe at the President's executive reorganization plan. Yapese and Pohnpeians have begun to whisper the word 'impeachment.' However, no FSM President has ever been impeached, and nine of the 14 FSM Senators represent Chuuk. An erosion in support by the Chuukese delegation could portend problems for Mori's current position and his chances for reelection.

19. (C) Comment continued. Barring unforeseen circumstance, Mori is likely to remain at the helm of his fragile nation for the nearly three remaining years of his term. In the meantime, long-time American residents warn that Mori harbors ambiguous feelings and even subtle hostility toward the United States. They have advised to "watch what he does and not what he says." President Mori is a pious Catholic, who is soft-spoken, respectful and eloquent at meetings. Yet he remains a complex personality enigma. A rough but working balance of power among the FSM Congress, the Supreme Court and the quasi-autonomous states should serve to keep the President's less grounded instincts in check. However, Australian Embassy colleagues share concerns that Mori's erratic performance could portend a vulnerability to the enticement of quick fixes from other regional powers, as well as a potential for instability in the FSM.

HUGHES